

ORNL Cost Reduction Strategy

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Implementation of a Cost Control/Business Growth Strategy

- **ORNL has implemented a 2-1-1 strategy for FY04-08**
 - **Grow the business 2% above inflation**
 - **Lab level overheads will get 1% budget increase**
 - **Divisions overheads will be allowed to grow at a 1%**
- **If we do not achieve the required growth the indirect budgets will be flat to down**

ORNL Are Looking at Several Areas for Improvement

- **Reduce our physical footprint**
 - ORNL has \$4.4M sq. ft. of space
- **Reduce the number of satellite stores on site**
- **Reduce the number of clearances maintained**
- **Outsource functions that can be performed offsite**
- **Increase the number of “work at home” staff**
- **Significantly reduce the number of government vehicles**
- **Spread our overhead cost over a larger base**

ORNL Are Looking at Several Areas for Improvement, cont.

- **Streamline IT infrastructure through more effective use of standards**
- **Restructure our benefits program to address cost and quality issues**
- **Move all exempt staff to Business month for time recording**
- **Renegotiate leases**